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U.S. Department of Justice
Office of the Inspector General

Office of the Inspector General
Semiannual Report to Congress



October 1, 1995 - March 31, 1996

96-028476

Special Tribute

The Office of the Inspector General depends upon the assistance of other Department of Justice components and employees for its successes. We would like to take this opportunity to honor the participants in a multi-agency effort who have had a special impact on our work.



The participants of the team approach (from left) Albert Moskowitz, Civil Rights Division; Robert Walsh, FBI; JoAnn Abeyta, OIG; Edward Weiner, Assistant U.S. Attorney; Daniel Soto, OIG; Amalia Meza, Deputy U.S. Attorney; Phillip Bergener, FBI; Ralph Paige, OIG.

The Office of Inspector General (OIG) and the Department of Justice have made the enforcement of Civil Rights laws along the Southwest Border a priority. Under the leadership of Alan Bersin, United States Attorney for the Southern District of California, the OIG, the Civil Rights Division, and the Federal Bureau of Investigation (FBI) have used the team approach to civil rights enforcement in the San Diego border area of southern California. In the Southern District of California, the OIG and the FBI jointly investigate for criminal prosecution civil rights matters involving Department of Justice employees.

In one use of this approach, an Immigration and Naturalization Service inspector was convicted on bribery and civil rights charges in San Diego. The investigation found evidence that the inspector had used his position of authority to extort sexual favors and to sexually abuse at least eight female aliens. He was a "special cases officer," whose job it was to decide appeals of foreign nationals seeking to reclaim vital immigration documents and who were therefore particularly vulnerable.

The principal investigators were OIG Special Agents JoAnn Abeyta and Daniel Soto, and FBI Special Agent Phillip Bergener. The lead prosecutors were Assistant U.S. Attorney Edward Weiner, Southern District of California, and Trial Attorney Jim Upton Oliver, Jr., Civil Rights Division. The investigation lasted over a year, and the coordination, dedication, and professionalism displayed by team members are a credit to their respective agencies and the Department. This multi-agency approach to civil rights enforcement has been successful because of the atmosphere of cooperation and partnership fostered by those involved.

U.S. Department of Justice

Office of the Inspector General

The Inspector General

Washington, D.C. 20530

April 30, 1996

Honorable Janet Reno
Department of Justice
Washington, D.C. 20530

Dear Madam Attorney General:

The six-month period ending March 31, 1996, has been an unusual, challenging and difficult one for the Office of Inspector General (OIG). The two furloughs in November and December 1995 hit the OIG very hard. Based on the application of Department-wide rules, most OIG employees were not permitted to work during the furloughs. In addition, Congressional action has substantially reduced the level at which the OIG has had to operate since the beginning of this fiscal year. The funding shortfall has meant that a variety of austerity measures, which include sharp curbs on travel and training, have had to continue for this entire period. Moreover, because of our budget situation, we have in most instances been unable to replace departing employees, which has meant additional workload burdens for our remaining personnel. Even now that Congress has passed and the President has signed a Fiscal Year 1996 budget, we face a continuing struggle for the remainder of this fiscal year. On behalf of the OIG, I want to express my sincere appreciation for your support during this period and your willingness to exercise your transfer authority to help ensure that the OIG does not have to engage in reductions in force.

I am proud to report that these difficult circumstances have not prevented the OIG from doing its important work in the Department. As you know, we completed a comprehensive report on the Good O' Boy Roundup that described the involvement of Justice Department personnel in an annual private gathering at which racial and various other kinds of misconduct took place over the course of 16 years. We continued our investigations into allegations of wrongdoing and irregularities in the FBI laboratory and allegations that the Congressional Task Force on Immigration Reform was misled by INS officials on its visit to Miami in June 1995. In addition, we continue to do a variety of significant audits and inspections on key programs throughout the Department, with continuing emphasis on the INS.

During this period, we worked closely with the FBI and the DEA to complete implementation of your November 1994 order on reporting allegations of misconduct within the Department. Beginning in January, both the FBI and DEA began reporting to the OIG allegations of misconduct made against FBI and DEA personnel. We appreciate the cooperation of FBI Director Freeh, DEA Administrator Constantine and the hard work of their staffs in ensuring that the OIG is provided with the information it needs to perform its important oversight functions over the law enforcement components of the Department.

We look forward to continuing to work with you, the Deputy Attorney General and your staffs in the coming months.

Very truly yours,

Michael R. Bromwich

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OVERVIEW

By Act of Congress, the Office of the Inspector General (OIG) was established in the Department of Justice (DOJ) on April 14, 1989. The OIG investigates alleged violations of criminal and civil laws, regulations, and ethical standards arising from the conduct of the Department's employees and its numerous and diverse activities. The OIG provides leadership and assists management in promoting integrity, economy, efficiency, and effectiveness within DOJ in its financial, contractual, and grant relationships with others. Also by statute, the OIG reports to the Attorney General, the public, and Congress on a semiannual basis regarding the significant work of the office.

STAFFING & BUDGET

The OIG carries out its mission with a work force of approximately 370 criminal investigators, auditors, inspectors, and support staff.

The criminal investigators are assigned to offices in Washington, D.C., Atlanta, Chicago, Dallas, Colorado Springs, El Paso, Los Angeles, McAllen, Miami, New York, San Diego, San Francisco, Seattle, and Tucson.

The OIG auditors are located in offices in Washington, D.C., Atlanta, Chicago, Dallas, Denver, Philadelphia, and San Francisco.

Other components of the OIG — the Inspections Division, the Management and Planning Division, the Office of General Counsel, and the Special Investigations and Review Unit — are located in Washington, D.C.

The OIG does not have a fiscal year (FY) 1996 appropriation, but is operating under a series of continuing resolutions. Based on House and Senate Conference action, the OIG expects an appropriation of $28,960,000 and 325 permanent positions. In addition, the OIG [illegible] receive reimbursements from other components which will cover additional positions.

Contained in the OIG's FY 1997 budget is a request for additional audit resources of $11,924,000 and 10 positions to comply with the statutory requirements of the Chief Financial Officers Act of 1990 (CFO) and the Government Management Reform Act of 1994 to produce a consolidated Departmental financial statement audit in FY 1997.

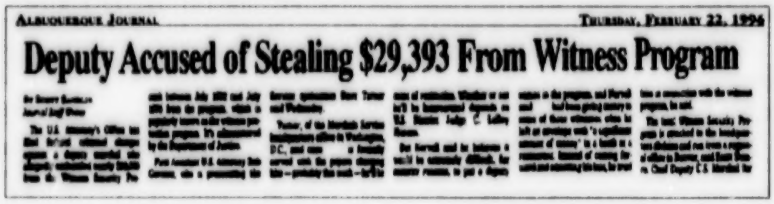
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INITIATIVES

COORDINATED EFFORTS

The OIG frequently teams its divisions to ensure a coordinated approach in addressing significant matters in the Department. Through such efforts, the expertise of each division contributes to successful resolution of the issue. Examples include:

- A joint Investigations and Audit Division effort in the District of New Mexico led to a guilty plea by a deputy U.S. marshal assigned as a Witness Security inspector who had been charged with embezzlement. The investigation revealed he converted to his own use $29,393 from cash payments intended for protected witnesses. OIG auditors assisting in this investigation found numerous instances of double billings and bogus or altered receipts as part of the scheme. The deputy agreed to make restitution in the amount of $28,800. Sentencing is pending.



ALBUQUERQUE JOURNAL THURSDAY, FEBRUARY 22, 1996

Deputy Accused of Stealing $29,393 From Witness Program

To better detect future financial irregularities, OIG auditors trained U.S. Marshals Service (USMS) staff to analyze expenditures, and they are now conducting their own reviews.

- At the request of Senator John McCain of Arizona, the Special Investigations and Review Unit (SIRU), assisted by agents from the OIG's Tucson Field Office, investigated allegations that an Immigration and Naturalization Service (INS) detention enforcement officer (DEO) assigned to a Service Processing Center (SPC) was the target of unfair and unequal treatment because he declined to work Administratively Uncontrollable Overtime (AUO). We concluded that the DEO was not a victim of retaliation; however, his criticism about the payment of AUO to detention enforcement officers at the SPC was valid, as INS itself found in one of its own internal reviews. Our investigation also found evidence of inconsistent application of AUO for DEOs servicewide.

We advised INS to correct the AUO problems at the SPC. We also urged INS management to systematically address the AUO issue servicewide by implementing the recommendations of the INS internal inquiry and aggressively using a previously established review mechanism.

FBI/DEA REPORTING

The OIG, the Drug Enforcement Administration (DEA), and the Federal Bureau of Investigation (FBI) have adopted a joint agreement under which allegations of serious misconduct, including criminal misconduct, against DEA and FBI employees will be reported to the OIG. The OIG is now the Departmentwide repository of all complaints of misconduct except misconduct by Department attorneys that relates to their authority to investigate, litigate, or provide legal advice, which remains within the jurisdiction of the Office of Professional Responsibility.

NATIONAL PERFORMANCE REVIEW INITIATIVES

The OIG continued several initiatives that support the National Performance Review and related legislation that seeks to improve and streamline government.

Customer Service and Partnering: The OIG actively seeks to engage in extensive outreach to Department components and program managers to offer services and assistance different from our traditional audits, inspections, and investigations. The following illustrate initiatives conducted during this reporting period.

- Members of the Investigations and Inspections Divisions and the Office of General Counsel participated in the Department's Office of Investigative Agency Policies. This group comprises the Department's criminal investigative agencies (FBI, DEA, USMS, INS, OIG) and the Criminal Division and coordinates policy among these agencies. During the reporting period we addressed the following issues: "Disclosure of Impeachable Information Relating to Government Witnesses in Criminal Cases," "Guidelines for Reporting Information on Federal Fugitives," and "Revision of the United States Attorneys' Media Policy."

- The Investigations Division and the Bureau of Prisons' (BOP) Office of Internal Affairs (OIA) jointly implemented a new automated method for BOP to report allegations that are primarily administrative in nature. The procedure allows BOP to electronically transfer certain allegations from OIA's data base to the Investigations Division's data base, eliminating the need to manually enter the data. The allegations consist of complaints that do not require the OIG to open a criminal investigation.

- Inspectors continued to serve on INS' Growth Management Working Group and provided technical advice to INS personnel based on insights developed through a review of INS' ability to manage the large influx of new border patrol agents to be hired in FY 1996.

- The Audit Division participated in a President's Council on Integrity and Efficiency (PCIE) subcommittee effort to reengineer the external quality control review (peer) process of OIG audit functions. This involved assessing the current legislatively driven process and providing options with recommendations to the full PCIE for decision.

- Inspectors are participating in the Deputy Attorney General's Interagency Working Group on Sweatshop Strategy Coordination. This group will develop a coordinated strategy and mechanism for increasing the effectiveness of sweatshop enforcement efforts. Upon issuance of the final report, inspectors will brief the interagency working group on insights developed during its inspection of INS' efforts to combat harboring and employing illegal aliens in sweatshops.

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INITIATIVES

ADVANCED AUDIT TECHNIQUES

The programs, activities, and operations of the Department are becoming more complex, far-reaching, and interrelated. The Audit Division has begun to develop a strong audit capability to respond to increasingly advanced program complexity. We will augment our traditional methods of analysis with innovative audit methodologies, including statistical, management science, and operations research models, tools, and techniques. Examples include:

- In our audit of INS' work force analysis models, we are assessing computer simulations that depict the operational consequences of various resource and work load scenarios in order to optimize scarce INS resources.
- In our current audit of INS' methodology for forecasting fees from operations, we are evaluating several forecasting methods, regression models, and software packages in order to improve the forecasting of fees to contribute to better planning in fee-related areas.
- We are looking into the feasibility of using computerized mapping to depict the effect of the FBI's Safe Streets Task Forces on violent crime in selected locations. As resources permit, we will examine the potential use of computer mapping technology as a tool for the FBI to optimize its Task Force resources.
- Our audit of USMS' management of property will seek to use advanced statistical sampling and computer matching techniques to allow an efficient audit of all USMS property dispersed nationwide.

SPECIAL PROJECTS

GOOD O' BOY ROUNDUP REPORT

In July 1995 national attention was focused on an annual private gathering in southeastern Tennessee known as the "Good O' Boy Roundup" (Roundup). News stories reported that the Roundup was a "whites-only" gathering of Bureau of Alcohol, Tobacco and Firearms (ATF) and other Federal law enforcement officers that resembled a "Klan rally" and at which these agents discriminated against blacks by posting racist signs, wearing racist t-shirts, performing racist skits, and playing racist music. A widely publicized excerpt from a home video filmed at a Roundup showed a sign that read, "Nigger check point." In addition, allegations of criminal conduct, including narcotics distribution and rape, were raised by affidavits of local Tennessee residents at a Senate Judiciary Committee hearing held within 10 days of the original news stories.



THE NEW YORK TIMES, THURSDAY, MARCH 14, 1996

Inquiry Criticizes Law Enforcement

Gathering as Lewd and Racist

By DAVID JOHNSTON

WASHINGTON, March 13 — The Good Ol' Boys Roundup, an annual gathering of law enforcement officers in Tennessee, had degenerated over the years into a lewd, barbecue-and-beer outing with a host of activities offensive to members of minorities and women, according to a report issued today by the Justice Department.

"Our investigation revealed ample evidence of drinking, racist, homophobic and sexist behavior," said a report prepared by Michael R. Bromwich, the department's inspector general, whose office began eight months investigating gatherings from 1980 to 1995.

Mr. Bromwich said that of the estimated 1,400 local, state and Federal officers who had attended the events over the years at even former or current Justice Department employees, mostly agents of the Federal Bureau of Investigation and the Drug Enforcement Administration

or other offensive conduct. But it found that one F.B.I. agent made a racist statement at last year's roundup, telling a man who planned to join the agency, "Great, we need more good white guys like you in the bureau." Today, the F.B.I. announced that he was being suspended for five days without pay, placed on probation for one month and formally reprimanded.

Overall, the report said the event — which began as a family-oriented outing — evolved into a three-day event dominated by white men in which beer was consumed on a 24-hour basis, strippers performed on a makeshift stage and off-duty officers displayed and raced in skies with inflatable rubber dinosaurs. Some officers played records with racist lyrics, and T-shirts with racist slogans proliferated on them and held racist jokes.

One organizer videotaped at the roundup, which in 1980 and widely broadcast, had slammed, shown a racist sign, "Nigger check point."

The OIG conducted a wide-ranging investigation to determine whether any DOJ employees had attended the Roundup and, if so, whether they engaged in or approved of racial, criminal, or other kinds of misconduct at any of the 16 Roundups from 1980 through 1995.

SPECIAL PROJECTS

The OIG was able to identify nearly 1400 persons who attended the Roundup between 1980 and 1995. Thirty-six current or former DOJ employees attended a Roundup while employed by DOJ, and eight current DOJ employees attended a Roundup prior to their DOJ employment. Twenty-three of these individuals attended only one Roundup. We found no evidence, and indeed received no allegations, that any current or former DOJ employee directly engaged in racist or other misconduct — other than one inappropriate comment by an FBI agent, who received a suspension for his conduct at the Roundup. With respect to a second individual, formerly employed by the INS but now an employee of the Treasury Department, we transmitted information to the applicable Department of Treasury component by which he is now employed for consideration of possible discipline.

The OIG concluded that the Roundup was not, as it was portrayed in the media stories, a "Klan rally," an intentionally "whites-only" racist gathering, or a haven for criminal conduct. Nor was the Roundup dominated by Federal law enforcement personnel. We determined that what began in 1980 as an unofficial gathering of 58 law enforcement officers and their friends evolved over the years into an event that by the early 1990s attracted close to 500 people, only 10 percent of whom had any Federal law enforcement affiliation.

Although we concluded that much of the early Roundup news coverage was overblown and distorted, our investigation revealed ample evidence of shocking racist, licentious, and puerile behavior by attendees occurring in various years. In some, but not all, of the last six years, the Roundup was marred by acts of racist misconduct including skits, music with racist lyrics, racist confrontations, and wearing, trading, and selling t-shirts with racially insensitive messages. We found substantial evidence of rampant alcohol abuse, lewd performances, public nudity, strippers, and a hostile environment for women, especially in the later years of the Roundup. Claims by local residents that drug dealing, drug use, and gang rapes took place at various Roundups were exhaustively investigated, but were not supported by any credible evidence.

We recommended that DOJ provide further guidance and training about what constitutes conduct that brings the Department or one of its agencies into disrepute. The report is available through the Internet at: <http://www.usdoj.gov/oig>, by selecting "OIG WWW Information Services" and then selecting "Special Reports."

ZONA ROSA

At the request of the Senate Select Committee on Intelligence, the Inspectors General of the Departments of Justice, State, Defense, and the Central Intelligence Agency are performing a governmentwide review of the response of the United States Government to murders of four marines in 1985 in the Zona Rosa district of El Salvador. The marines were gunned down by guerrillas as they were sitting in a sidewalk cafe. Recently, controversy has arisen over who was responsible and whether planners of the attack were later admitted to the United States or received U.S. Government benefits. We are participating in the coordinated Inspectors General investigations and will review the Department's response to the murders.

SPECIAL PROJECTS

UPDATE ON PRIOR REPORTED SPECIAL INVESTIGATIONS

In our prior *Semiannual Report to Congress*, we reported on three special investigations on which we continued our work in this period. One involves the review of the FBI's performance in the identification and apprehension of Aldrich Ames. A second concerns allegations that INS senior managers in Miami intentionally created a false picture of conditions at the Miami International Airport and the Krome Detention Facility for a congressional delegation that visited in June 1995. Finally, we are continuing our investigation into allegations of wrongdoing in three units of the FBI crime laboratory. These allegations concern whether misconduct was committed in some of the Department's most significant prosecutions, as well as whether general procedures adequately promote the quality assurance necessary for the laboratory. Work on all three matters is proceeding.

OTHER ACTIVITIES

OIG ON-LINE REPORT AVAILABILITY

The OIG has created its own home page on the Internet's World Wide Web. Many audit, inspections, and special reports are available at the following Internet address: <http://www.usdoj.gov/oig>. In addition, the same materials are available through IGNet's World Wide Web server at <http:// www.sbaonline.sba.gov/ignet/internal/doj/doj.html>.

INTEGRITY AWARENESS

In addition to responding swiftly to misconduct allegations, the OIG believes additional benefits can result from an effort to educate and deter employees from engaging in misconduct. To educate DOJ employees on ethics, agents continued conducting integrity awareness briefings, reaching 968 DOJ employees at 34 different events.

HIGH RISK AREAS

The Department and the Office of Management and Budget have identified 10 specific DOJ areas with a high risk for fraud, waste, and abuse. During this reporting period, the OIG issued audit and inspection reports that addressed five of the high risk areas.

PRESIDENT'S COUNCIL ON INTEGRITY AND EFFICIENCY

The Inspector General is a member of the PCIE. OIG senior staff participate in PCIE activities — such as the Inspections Round Table, an annual investigations conference, and meetings of the Chief Financial Officers Group — that relate to their respective duties. The Inspector General is also a member of the Investigative Standards and Training Subcommittee and the Professional Development Committee. In addition to his formal assignments, the Inspector General is active in the expansion of IGNet, a network involving the various Offices of Inspector General throughout the Executive Branch and through which electronic mail and other kinds of information, including reports of various kinds, can be exchanged and made available within the Inspector General community and to the public.

REVIEW OF LEGISLATION AND REGULATIONS

The Inspector General Act of 1978, as amended, directs the Inspector General to review proposed legislation and regulations relating to the programs and operations of the Department. Although the Department's Office of Legislative Affairs reviews all proposed or enacted legislation that could affect Department activities, the OIG independently reviews proposed legislation regarding the OIG itself or fraud, waste, and abuse in the Department's programs or operations. During this reporting period, the OIG reviewed nine pieces of proposed legislation and provided comments on the "Federal Financial Management Improvement Act of 1995" and the "Information Technology Management Reform Act of 1995."

THE INVESTIGATIONS DIVISION



The Investigations Division investigates alleged violations of bribery, fraud, abuse, and integrity laws that govern the Department of Justice and the operations it finances.

INVESTIGATIONS DIVISION

OVERVIEW & HIGHLIGHTS

The Investigations Division investigates allegations of bribery, fraud, abuse, and alleged violations of other anticorruption statutes and rules that govern the Department of Justice (DOJ) and the operations it finances. The Division also develops cases for criminal prosecution or civil and/or administrative action. In some instances, the Office of the Inspector General (OIG) refers allegations to components within DOJ and requests notification of their findings and of any disciplinary action taken.

During the reporting period, the OIG made 64 arrests, including 23 DOJ employees, 38 civilians, and 3 DOJ contract personnel. During the same 6-month reporting period 47 individuals were found guilty and sentenced to prison terms ranging from 2 months to 7 1/2 years. Seizures totaled $309,348, the second largest amount seized since the OIG was established. By the end of the reporting period, a total of 32 DOJ employees and 5 contractors received disciplinary action as a result of OIG investigations, ranging from a letter of caution to dismissal.

CIVIL RIGHTS INITIATIVES

OIG special agents play key roles in law enforcement along United States borders, one of which involves the effective handling of allegations that Border Patrol agents, immigration inspectors, and others employed by the Immigration and Naturalization Service (INS) have violated the civil rights of citizens or aliens.

The OIG has three primary responsibilities in handling allegations of border civil rights violations: receiving complaints, conducting criminal and noncriminal investigations of some complaints, and tracking the disposition of all complaints among the five DOJ components that have responsibility for their outcome.

RECEIPT AND REVIEW OF CIVIL RIGHTS ALLEGATIONS

The OIG receives from INS managers allegations of civil rights abuses made against INS personnel along the Southwest Border. Victims, witnesses, and others with information about alleged civil rights abuses also report them directly to the OIG, INS, the Federal Bureau of Investigation (FBI), the Department's Civil Rights Division (CRT), or U.S. Attorneys' Offices (USAO). The CRT reviews all allegations to determine which complaints should be investigated as criminal civil rights violations.

The OIG has conducted extensive outreach efforts along the Southwest Border to encourage victims of civil rights violations to report complaints. Posters in Spanish have been placed inside INS facilities and postage-paid forms in Spanish have been distributed.

Four OIG field offices — El Paso, McAllen, Tucson, and San Diego — are located near the Southwest Border where there is the largest concentration of INS employees and the largest number of civil rights complaints. All of these OIG offices are staffed with bilingual special agents.

INITIATIVES

The following chart summarizes all new allegations of civil rights abuse by INS employees during the 6-month reporting period ending March 31, 1996.

Civil Rights Allegations Statistics	
Alleged Civil Rights Violations by INS Employees	
Total allegations received	153
Disposition of Total Allegations Received	
OIG preliminary investigations in progress as of 3/31/96	5
OIG investigations opened	4
FBI investigations opened	6
State/local investigations and prosecutions	1
Administrative investigations by INS	31
Complaints without investigative merit – Of these complaints, 48 required preliminary investigations before they were determined to be without investigative merit	106

CRIMINAL INVESTIGATION OF CIVIL RIGHTS ALLEGATIONS

In the Southern District of California, where the largest number of alleged civil rights violations are reported, most cases are worked by a joint OIG and FBI Task Force operated out of San Diego. The joint task force approach is expected to be extended to other areas along the Southwest Border later this year as part of the Department's Southwest Border initiative.

The first two civil rights investigations below are updates of cases originally reported in our March 1995 *Semiannual Report to Congress*, and the third case is being reported for the first time.

Ex-agent enters guilty plea in civil rights case

By Angélica Ponce
The Arizona Daily Star

A former U.S. Border Patrol agent accused of raping a 21-year-old Mexican woman pleaded guilty yesterday to a federal civil rights violation.

Under a plea agreement, who joined the Border Patrol in 1986, will face up to 14 months in prison when he is sentenced in March.

- A joint OIG Tucson Field Office and Nogales Arizona Police Department investigation determined that a Border Patrol agent apprehended two alien females in September 1993 and raped one of them. On January 5, 1996, the agent pled guilty to Federal civil rights violations and was sentenced to 12 months' incarceration and 36 months' supervised probation.

- In the Southern District of California in San Diego, an INS immigration inspector, a "special cases officer" who used his position to extort sexual favors and sexually abuse female aliens, pled guilty on January 5, 1996, the day his trial was to begin, to deprivation of rights under color of law and bribery. Sentencing is scheduled for June 1996.

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■ On March 28, 1996, a Federal jury found an INS detention enforcement officer guilty of violating an alien's civil rights. The investigation by the Los Angeles Field Office disclosed that a detained alien was assaulted on two separate occasions by the INS officer. The case was prosecuted by the CRT and the USAO for the Central District of California.



LOS ANGELES TIMES FRIDAY, MARCH 29, 1996

INS Officer Found Guilty in Beating of Immigrant

By STEPHANIE SIMON
TIMES STAFF WRITER

A federal immigration officer was convicted Thursday of violating a Cuban immigrant's civil rights by striking him, slamming him against a wall and cursing him obscenely at a detention center in San Pedro.

Los Angeles. He testified at the weeklong trial about his injuries, including loss of consciousness and wounds that required emergency room treatment.

For the criminal conviction of violating civil rights, can be sentenced to a maximum 10 years in prison and $250,000 fine. Sentencing is set for

TRACKING OF ALLEGATIONS

The process of handling allegations of civil rights abuses by INS employees involves INS, CRT, FBI, USAOs, and the OIG. A new tracking process designed to ensure that all complaints are processed and that all offices work together to resolve these matters promptly was instituted in July 1995.

A civil rights report listing the credible, serious civil rights allegations made against INS employees and the actions taken by the components is compiled each month by the OIG and distributed to the Attorney General, the Deputy Attorney General, INS, FBI, CRT, and the Executive Office for U.S. Attorneys.

The chart below summarizes civil rights investigations and prosecutions of INS employees tracked by the OIG during the reporting period.

Tracking Report Statistics	
Investigations of Alleged Civil Rights Violations by INS Employees	
Total investigations monitored	*84*
--New investigations this period	*42*
--Investigations from prior periods	*42*
Disposition of Allegations	
Closed, no action taken	*42*
Disciplinary actions taken by INS	*2*
Criminal convictions	*3*
Other judicial actions	*3*

WITNESS SECURITY PROGRAM

The Investigations Division joined with the U.S. Marshals Service (USMS), Witness Security Division (WITSEC), to inspect certain WITSEC Program field offices as a result of recent arrests and convictions of USMS WITSEC inspectors. These inspectors embezzled over $350,000 of Government funds because of vulnerabilities in the WITSEC program. OIG agents briefed the WITSEC review staff on methods used by corrupt inspectors to embezzle funds and provided information that has helped USMS determine the presence of fraud indicators in expense documentation. These joint reviews led to the strengthening of internal controls and voucher payment procedures in the WITSEC program.

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INITIATIVES

SOUTHWEST BORDER

The investigation of official corruption along the Southwest Border is a high priority for the Department and the OIG. Tucson, El Paso, McAllen, and San Diego field offices participate or will soon participate in U.S. Customs Service/FBI Border Corruption Task Forces. The OIG's knowledge of INS and experience in investigating INS document fraud, alien smuggling, and drug trafficking cases involving corrupt DOJ officials will contribute to the success of these task forces.


Frontera caliente

Mexican newspaper calls the border "Hot" due to corruption and alien and drug smuggling.

In addition, the Department's civil rights task force approach, which began in San Diego and has been previously described, is expected to expand across the Southwest Border. The OIG's San Diego Field Office conducts preliminary investigations of all civil rights allegations received and conducts joint investigations with the FBI of cases accepted by CRT for investigation.

COMMUNITY OUTREACH

The Investigations Division continues its community outreach program to inform citizens and immigrants about how to report allegations of DOJ employee misconduct. Local civil rights organizations and others have asked the OIG to better inform local Spanish-speaking residents of its existence, mission, and authority. In response, the OIG Tucson Field Office staff have appeared on three Spanish radio talk shows and one Spanish television show and have taped a Spanish public service announcement about the OIG. In November 1995, representatives of the OIG's Tucson Field Office met with Louis Valdez, Mayor of Nogales, Arizona, to discuss procedures for reporting allegations of misconduct by DOJ personnel. At the suggestion of Mayor Valdez, OIG representatives also traveled to Nogales, Sonora, Mexico, and met with Mayor Abraham Zaied to discuss similar issues.

SIGNIFICANT INVESTIGATIONS

DRUGS

- Our last *Semiannual Report to Congress* described Operation WALL WORKER, a joint investigation with the FBI, Bureau of Prisons (BOP), and the Postal Inspection Service in the Northern District of Georgia targeting drug smuggling into the Atlanta Penitentiary. A BOP correctional officer had been arrested on charges of possession with intent to distribute a controlled substance. During this reporting period, seven additional arrests were made — three correctional officers, one medical technician on contract, one civilian, and two inmates. Four have pled guilty, and one was found guilty at trial. Prosecution continues on the other three defendants.

The two investigations described below are updates of cases originally included in our March 1995 *Semiannual Report to Congress*.

- In a joint OIG and U.S. Customs Service investigation in Arizona, a drug trafficker offered an INS immigration inspector a $20,000 bribe to allow a cocaine-laden vehicle to pass through the Port of Entry. The drug trafficker pled guilty and was sentenced to three months in prison and three months' probation.

SIGNIFICANT INVESTIGATIONS

■ Operation WOLFPACK — a 3-year investigation by the OIG, the FBI, the U.S. Customs Service, and Internal Revenue Service — focused on inspectors who allowed vehicles carrying cocaine valued at $78 million to pass through their inspection lanes at a Port of Entry in Southern California. During this reporting period, a Federal jury convicted four of the defendants on drug trafficking charges, including the INS immigration inspector. Sentencing is scheduled for April 1996. The U.S. Customs Service inspector was acquitted on three counts, and the jury was hung on two. He is being retried; three additional conspirators are currently being sought for prosecution. In addition, five residences and $100,000 in cash were seized.

The following investigations are being reported for the first time.

■ Based on information provided by INS, the OIG initiated an investigation of three related drug trafficking organizations interested in identifying a corrupt U.S. immigration official to provide them with immigration documents and to facilitate the entry of hundred-kilo loads of cocaine into the U.S. The OIG informed DEA, and as a result Operations MOTORCROSS and BROKEN BORDER were initiated as Organized Crime Drug Enforcement Task Force cases in the Central and Southern Districts of California. An OIG agent posed as a corrupt supervisory immigration inspector and was paid $32,400 in bribes for the issuance of four INS documents. Concurrently, the Drug Enforcement Administration (DEA) allowed controlled deliveries of cocaine to the drug traffickers; the drugs were later seized. Four drug traffickers, who paid bribes to the undercover OIG agent, were arrested by agents of the OIG San Diego Field Office on charges of bribery of a public official. In addition, DEA arrested six other drug traffickers and seized $3.7 million. Judicial proceedings continue.

■ In the District of Arizona, a BOP contract employee was arrested on charges of possession with intent to distribute a controlled substance in a Federal Correctional Institution. The OIG investigation disclosed that the contract employee obtained the drug from an inmate's mother. He delivered it to the inmate who kept a portion and provided the rest to a fellow inmate. The contract employee and the two inmates pled guilty, and the mother is a fugitive. The employee was sentenced to one year parole and fined $1000, while the inmates received an additional eight and six months' incarceration, respectively.

■ In the Eastern District of Michigan, a BOP correctional officer pled guilty to charges of possession with intent to distribute a controlled substance. In this Chicago Field Office investigation, it was disclosed that the officer smuggled steroids into the prison for inmates. At his arrest, a total of 400 ampules of anabolic steroids and 100 hypodermic syringes were found in his possession. Sentencing is scheduled for May 30, 1996.

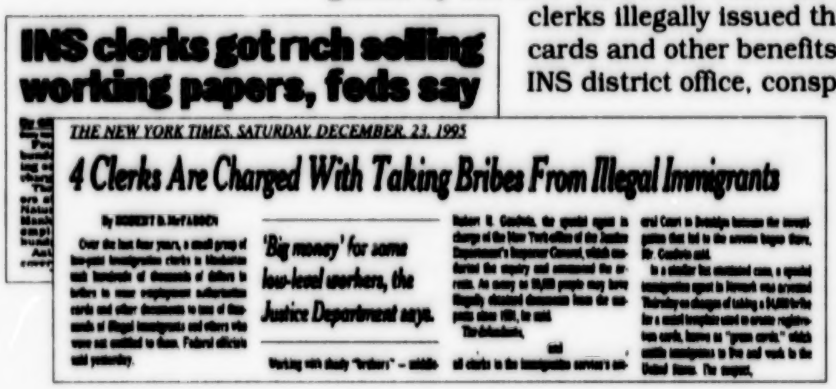
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SIGNIFICANT INVESTIGATIONS

BRIBERY

■ Our last *Semiannual Report to Congress* described a case in which an INS supervisory cashier clerk and a middleman were indicted on charges of bribery, document, and/or bank fraud. During this reporting period, a second middleman was identified and indicted on California state charges of bank fraud. He printed counterfeit payroll checks that were cashed using INS documents as identification. During this reporting period, the INS clerk pled guilty and was sentenced to six months' home confinement and five years' probation. The middleman was sentenced to 12 months' incarceration and 3 years' probation and ordered to repay 3 financial institutions $5,227. The counterfeiter awaits sentencing.

■ In the Eastern District of New York, five INS employees and a document vendor were arrested on charges of bribery and conspiracy. An undercover investigation by the New York Field Office disclosed that, over a 4-year period, five INS clerks illegally issued thousands of employment authorization cards and other benefits to illegal aliens. The clerks, all from one INS district office, conspired with document vendors who paid them bribes ranging from $300 to $1,000 per card. The clerks also provided the document vendors with sensitive INS computer printouts. When arrested, over $164,000 in cash was seized from the document vendor. Serious internal control deficiencies were also identified and corrected by INS management. Prosecution is pending.



INS clerks got rich selling working papers, feds say

THE NEW YORK TIMES, SATURDAY, DECEMBER 23, 1995

4 Clerks Are Charged With Taking Bribes From Illegal Immigrants

'Big money' for some low-level workers, the Justice Department says.

■ In the District of New Jersey, an INS special agent, an INS clerk, and three civilian document vendors were arrested on charges of bribery. In exchange for $4,000, the agent sold a template used to prevent forgeries of Resident Alien and Border Crosser Cards. He also provided sensitive law enforcement information to unauthorized individuals. The clerk, married to a guard in an INS office who steered alien "clients" to her, illegally provided INS alien numbers to the vendors in exchange for bribes. The agent pled guilty and is scheduled for sentencing on June 22, 1996. The clerk and two of the document vendors pled guilty, and the third awaits trial.

■ In the District of Guam, a night club owner and her sister were arrested for conspiracy and bribery of a public official. An INS special agent was approached by the night club owner and offered a bribe in exchange for a Green Card for her sister. The agent cooperated in a joint OIG and INS undercover investigation and, at meetings with the sisters, received a total of $18,000 in bribes for a Green Card. The club owner pled guilty and awaits sentencing. Her sister, a Korean national, also pled guilty, was sentenced to time served, and was deported to Korea.

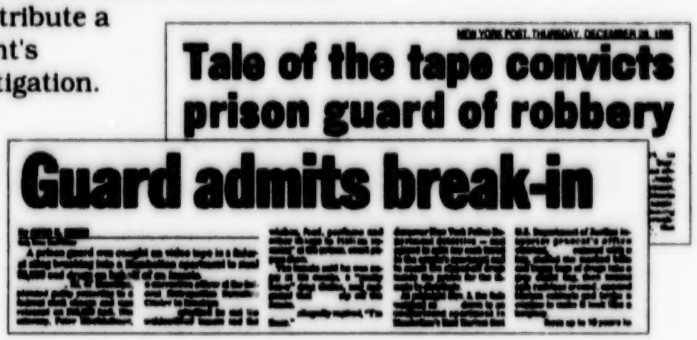
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SIGNIFICANT INVESTIGATIONS

■ In the Eastern District of Wisconsin, a security counselor at a BOP contract halfway house pled guilty to charges of bribery and possession of a controlled substance. The counselor accepted a $2,500 bribe from a cooperating inmate and allowed the inmate to leave the facility. At the time of his arrest, the counselor had marijuana in his possession. The counselor was sentenced to 5 months' incarceration, 5 months' electronic monitoring upon release, 50 hours' community service, and 3 years' probation and was ordered to pay a $500 fine.

THEFT

■ In the Eastern District of New York, a BOP correctional officer was arrested on charges of attempted possession with intent to distribute a controlled substance. The New York Police Department's (NYPD) Office of Internal Affairs assisted in this investigation. The officer offered to perform armed robberies of drug stash-houses for an inmate, who cooperated with the OIG. A series of meetings between an undercover NYPD officer and the BOP employee resulted in the correctional officer being videotaped breaking into an apartment and stealing $5,000 in cash and three kilograms of sham heroin. He pled guilty and awaits sentencing.


NEW YORK POST, THURSDAY, DECEMBER 28, 1995

Tale of the tape convicts prison guard of robbery

Guard admits break-in

■ In the Eastern District of California, an INS Border Patrol agent was arrested on charges of converting property under color of law and false statements. This San Francisco Field Office investigation found that the agent used his position to gain possession of a 9mm pistol after arresting an alien and finding a receipt for the gun in the alien's possession. The agent kept the weapon and converted it to his personal possession. When confronted by his supervisors, he turned the gun in, but falsified paperwork to conceal how it was seized and where it had been since seizure. He was suspended by INS and awaits trial.

■ In the District of Hawaii, USMS reported that a deputy U.S. marshal assigned to the WITSEC Program may have embezzled funds allocated to the program. The San Diego Field Office's investigation revealed that the deputy converted to his own use $51,000 of WITSEC Program funds. He submitted false receipts and copies of cashier's checks to account for expenditures he claimed were made on behalf of protected witnesses in the Program. The deputy marshal was arrested and pled guilty to mail fraud and embezzlement and agreed to make restitution. Sentencing is scheduled for May 20, 1996.


Honolulu Star-Bulletin December 15, 1995

U.S. marshal indicted for embezzlement

SIGNIFICANT INVESTIGATIONS

FRAUD

- Our September 1994 *Semiannual Report to Congress* described a case in which a former deputy U.S. marshal was arrested for defrauding the government by collecting over $300,000 in benefits under the Federal Employee Compensation Act while he operated a travel business to the Upper Amazon in Peru. During this reporting period, the former deputy was convicted in Federal court in the Southern District of Florida of fraud. Sentencing is scheduled for June 4, 1996. The Office of Workers' Compensation Program (OWCP) seeks to recover over $200,000 in overpayments to the deputy. The fraud conviction will also prohibit the former deputy from receiving future OWCP disability payments.

- In the District of Columbia, a former secretary and time and attendance clerk in the Justice Management Division's Asset Forfeiture Management Staff pled guilty to charges of theft of government property. The investigation disclosed that the clerk paid herself over $7,000 in unauthorized overtime over a 7-month period in 1994. During the course of the investigation, the clerk made counterallegations that a senior DOJ official had sexually assaulted and harassed her. Her allegations proved false. Sentencing is scheduled for June 7, 1996.

MALFEASANCE

- In late 1995, two separate complaints alleged that a BOP regional director maintained an intimate relationship with a subordinate female employee and lived with a subordinate male employee. A joint investigation by the OIG and BOP disclosed that the regional director had an intimate relationship with two female subordinates and that he furnished these subordinates with expensive gifts including vacations, a car, a pool deck, and jewelry. The male subordinate resided rent free in his home in exchange for performing household maintenance. Additional administrative infractions were also discovered. Subsequent to this investigation, the regional director requested and was granted a demotion and a transfer.

- An INS Border Patrol agent had been the subject of nine separate allegations of misconduct since entering on duty. Because of a pattern of misconduct, and a recent allegation charging the agent with sexual harassment, a joint El Paso Field Office and INS investigation was initiated. An employee of a fast-food restaurant claimed the Border Patrol agent was harassing her and making sexually suggestive comments. She claimed the offensive behavior began when she was a junior in high school. The allegation was substantiated and led to the Border Patrol agent's termination by INS.

SIGNIFICANT INVESTIGATIONS

ALIEN SMUGGLING

■ Our March 1995 *Semiannual Report to Congress* described a case in which an INS immigration inspector assigned to John F. Kennedy International Airport pled guilty to smuggling aliens into the United States. On November 17, 1995, in the Eastern District of New York, the immigration inspector was sentenced to 12 months in prison and 3 years' probation. In addition, a baggage handler at the airport who bribed the inspector in return for allowing the illegal aliens to enter the country was arrested and pled guilty. On October 20, 1995, the baggage handler was sentenced to three months in prison and three years' probation.

UNAUTHORIZED DISCLOSURE

■ In the Western District of Texas, a secretary in the U.S. Attorney's Office disclosed to her daughter information from an affidavit in support of an unexecuted search warrant. The daughter then revealed the contents to two targets of a DEA undercover investigation, compromising the DEA investigation and endangering an undercover agent. When confronted, the secretary and her daughter admitted their involvement. The secretary was sentenced to 5 years' probation and 100 hours of community service and fined $5,000. The daughter was sentenced to 12 months' incarceration.

INVESTIGATIONS STATISTICS

Source of Allegations Received	
Hotline (telephone and mail)	529
Other sources	2,415
TOTAL Allegations Received	2,944
Disposition of Total Allegations Received	
Preliminary investigations in progress as of 3/31/96	111
Investigations initiated this period	151
Referred to DOJ component and monitored	249
Management issues within and outside DOJ	2,026
No action required	356
Consolidated with another allegation in a category above	47
Pending disposition	4
TOTAL	2,944

INVESTIGATIONS STATISTICS

Preliminary Investigative Caseload	
Reclassified to full investigation	177
Consolidated with another allegation	5
No further action required	153
Returned to DOJ component as management issue	59
Referred to DOJ component and monitored	20
Preliminary investigations in progress as of 03/31/96	111

Investigative Caseload	
Investigations opened this period [1]	152
Investigations closed this period	193
Investigations in progress as of 03/31/96	411

[1] This count includes preliminaries reclassified to investigations.

OIG Monitored Referrals	
Cases opened this period [2]	259
Cases closed or reclassified/consolidated	175
Monitored referrals in progress as of 3/31/96	756

[2] This count includes complaints reclassified to referrals.

INVESTIGATIONS STATISTICS

Prosecutive Actions	
Investigations referred for prosecution this period	88
-- Investigations accepted	46
-- Prosecutions declined	34
-- Pending acceptance for prosecution [3]	27
Criminal indictments/informations	51
Arrests	64
Convictions/Pleas	56

[3] Many of these investigations have been in the prosecutorial arena for more than one reporting period.

Monetary Results	
Fines/Restitutions/Recoveries	$61,496
Seizures	$309,348
Bribe monies deposited to the Treasury	$11,694

THE INSPECTIONS DIVISION



The Inspections Division performs inspections and program evaluations of Department of Justice components and operations using a wide range of analytical skills and methods.

INSPECTIONS DIVISION

OVERVIEW & HIGHLIGHTS

The Inspections Division conducts program reviews and evaluations of Department of Justice (DOJ) programs and operations. In addition, the Division conducts special inquiries, usually initiated at the request of senior Department management or by the Congress. It employs a wide variety of analytical methods in conducting program reviews and evaluations of key activities financed or performed by DOJ. The Division develops its annual workplan in coordination with other Department components and responds to requests from senior officials.

The Division, composed of two evaluation groups, mirrors DOJ's organizational structure to strengthen component expertise and to enhance long-term relationships with component stakeholders and decisionmakers.

During this period the Division completed seven inspections. Significant inspection findings were that the Immigration and Naturalization Service (INS) would have difficulty training and equipping the new agents it had been authorized to hire by Congress; INS deported only about 11 percent of nondetained illegal aliens after final deportation orders had been issued; and many Department components were not in compliance with the Drug-Free Workplace Program.

SIGNIFICANT INSPECTIONS

INFLUX OF NEW PERSONNEL IN THE INS

In the last *Semiannual Report to Congress*, we presented an overview of preliminary findings and concerns developed during our review of INS' ability to recruit, train, and deploy the anticipated increase of border patrol agents in FY 1996. Preliminary findings showed INS would be unable to meet its Border Patrol training goal for FY 1996. During this semiannual period, the final report was issued and INS planners are developing solutions for the report recommendations. To date, INS planners revised their FY 1996 training schedule to compensate for some of the delay in opening the new adjunct training facility at the Charleston, South Carolina Naval Base.

The revised training schedule allows all new Border Patrol hires to receive training at either the Charleston or Glynco, Georgia, training facility, but delays between 250-400 new immigration officers from receiving any training during FY 1996. In addition, approximately 525 new immigration officers will complete only part of the training curriculum during FY 1996. These immigration officers will be placed in jobs that do not require use of firearms until after they receive the balance of their core training requirements. As long as the Border Patrol remains INS' highest training priority and there is no further slippage in implementing the revised training schedule, the goal to train 1,480 new border patrol agents can be achieved. With a large number of border patrol hires planned during the last two months of FY 1996, INS planners must take measures to prevent lengthy delays in processing the new hires and ensuring that they receive training promptly.

SIGNIFICANT INSPECTIONS

DEPARTMENT OF JUSTICE DRUG-FREE WORKPLACE PROGRAM

The Department's six Drug-Free Workplace (DFW) programs, administered by the Bureau of Prisons (BOP), Drug Enforcement Administration (DEA), Federal Bureau of Investigation (FBI), United States Marshals Service (USMS), Justice Management Division (JMD), and INS have established policies and procedures for testing applicants and employees.

We found numerous problems with DFW testing policies and procedures:

- DEA did not test applicants for employment;
- INS did not test short-term employees, i.e. those hired for 90 days or less;
- BOP, FBI, and INS Border Patrol tested applicants who had not been offered employment;
- FBI, USMS, and JMD did not test all Presidential appointees;
- INS, USMS, DEA, and JMD did not consistently reschedule, within 60 days of the scheduled test, employees who did not take random drug tests;
- FBI's Medical Review Officer did not directly receive drug test results from the contract laboratory;
- USMS did not conduct follow-up tests of employees who underwent counseling or rehabilitation for illegal drug use; and
- JMD's practices for selecting and testing employees did not adhere to its random testing policies. Moreover, JMD had not implemented a Federal court ruling allowing it to expand its random testing pool to include certain categories of Federal prosecutors and other employees.

During the last eight years, DFW requirements have changed and testing practices have been modified without much oversight. We recommended that the Department establish procedures to accommodate these changes and assign oversight responsibility for maintaining overall policy and program guidance.

DEPORTATION OF ALIENS AFTER FINAL ORDERS HAVE BEEN ISSUED

The INS reported that in FY 1994 it removed more than one million illegal aliens from this country. Most were Mexican nationals apprehended near the Southwest Border who left voluntarily. Illegal aliens unwilling or unable to leave voluntarily are issued final deportation orders by the Executive Office for Immigration Review (EOIR). In FY 1994, EOIR issued 99,779 final orders, and INS deported 47,434 aliens; 45,000 of the removal orders were for detained aliens, and 54,779 were for nondetained aliens.

We found that INS was effectively removing detained aliens. In our sample of FY 1994 case files, we found INS removed about 94 percent of the detained aliens within an average of 16 days. INS' program to deport nondetained aliens was largely ineffective; only about 11 percent of the nondetained aliens left.

Because INS does not have the investigative resources to pursue all nondetained aliens, their removal depends almost entirely on whether the aliens will surrender voluntarily upon request. Special conditions affecting certain nationalities also impair INS' ability to remove aliens. Despite these constraints, INS needs to increase detention or develop a better strategy for deporting nondetained aliens.

We recommended that INS improve the effectiveness of deportations by taking aliens into custody at hearings when final orders are issued at hearings, delivering surrender notices personally to aliens, moving more quickly to present surrender notices after receiving final orders, pursuing aliens who fail to surrender, and coordinating with other governmental agencies to make use of all data bases available for tracking aliens who fail to appear.

RETENTION OF DRUG EVIDENCE IN DEA LABORATORIES

As of February 1995, DEA's 7 drug vaults contained 88,593 exhibits related to 15,287 cases. The DEA plans to meet long-term storage requirements with a 5-year laboratory replacement program, including new, high capacity drug storage vaults for four of the seven regional laboratories. If DEA's plans to replace these laboratories are delayed or if the number of exhibits in DEA inventories increases unexpectedly, DEA's drug evidence vaults could become overcrowded. One facility, the South Central Laboratory, is already near capacity and is not scheduled for replacement.

We found that DEA can adopt more aggressive space management practices by removing from the vault exhibits no longer needed, exhibits related to completed cases, and "nondrug" exhibits. Based on our analysis of data stored in DEA's System to Retrieve Information from Drug Evidence, we determined that, as of February 1995, DEA was storing almost 7,000 exhibits, related to about 1,100 cases, that were seized more than 10 years ago and 576 exhibits, related to 117 cases, that were seized more than 20 years ago. We recommended that DEA work with the U.S. Attorneys' Offices to close stagnant cases and eliminate those exhibits no longer needed.

We also found that 23 percent of the exhibits signed out by DEA agents had not been returned after more than two years. We believe that many of these drug exhibits are probably not in the possession of the agent who signed for them, but have been transferred to State and local jurisdictions for non-Federal prosecutions. We recommended that DEA improve its control over drug evidence exhibits signed out to court for extended periods and ensure that laboratory records are updated to reflect permanently transferred exhibits.

SIGNIFICANT INSPECTIONS

SELF-INSPECTION PROGRAM IN DEA

Beginning in 1995, DEA instituted a new program that requires field managers and supervisors to conduct annual self-inspections for compliance and enforcement effectiveness and that they report their findings and proposed solutions to DEA headquarters. Headquarters staff perform follow-up reviews to assess whether problems identified through self-inspections have been resolved and corrected. During the first year, self-inspection reviews focused on field activities and emphasized areas having the highest potential for abuse.

We determined that the self-inspections conducted by DEA during FY 1995 identified numerous instances of noncompliance, including some that were significant and long-standing. Self-inspections also identified potential integrity problems that were subsequently referred to DEA's Office of Professional Responsibility. The report contained no formal recommendations but suggested that DEA strengthen the process to review enforcement effectiveness in the field, make greater use of customer surveys during the self-inspection process, establish a systematic approach to identify "best practices" during follow-up reviews and disseminate this information, and evaluate the need for annual self-inspections and consider lengthening the review cycle.

THREE-YEAR DEPUTY DEVELOPMENT PROGRAM

We reviewed the 3-year Deputy Development Program (Program) in USMS, which is an on-the-job career development program for newly hired deputies. During the three years, deputies work a standard number of work days in specific operational areas. We concluded that the Program was succeeding in introducing deputies to the full spectrum of their operational duties. All of the districts sampled participated in the Program and had appropriately detailed deputies to other districts if their assigned district could not provide training in a particular area.

Although we generally praised the Program, we also offered the USMS Training Academy staff suggestions to improve administrative aspects of the Program.

INSPECTIONS STATISTICS

Inspections Workload Accomplishments	
	Number of Inspections
Inspections active at beginning of period	12
inspections initiated	6
Final inspection reports issued	7
Inspections active at end of reporting period	11

THE AUDIT DIVISION



The Audit Division is responsible for independent reviews of Department of Justice organizations, programs, functions, automated data processing systems, and financial statement audits.

OVERVIEW & HIGHLIGHTS

The Audit Division is responsible for independent audits and related reviews of Department of Justice (DOJ) organizations, programs, functions, automated data processing systems, and financial statement audits. The Audit Division also conducts or reviews external audits of expenditures made under Department contracts, grants, and other agreements. Audits are conducted in accordance with the Comptroller General's Government Auditing Standards and related professional auditing standards. The Audit Division produces a wide variety of audit products designed to provide timely notification to Department management of issues needing attention. It also assists the Investigations Division in complex fraud cases.

During this period, the Audit Division issued 11 internal audits, 14 external audits, 85 audits of bankruptcy trustees, and 79 Single Audit Act audits. The Division issued seven Management Information Memoranda, four Technical Assistance Memoranda, three Investigative Assistance Memoranda, and one Notification of Irregularity. In addition, Department management agreed with $941,000 in questioned costs, agreed to implement 190 management improvement recommendations, and agreed that $1 million in funds be put to better use.

SIGNIFICANT AUDIT PRODUCTS

THE HOME CONFINEMENT PROGRAM IN THE BOP

The Bureau of Prisons (BOP) Home Confinement Program allows Federal inmates to live at home and maintain gainful employment while remaining in official detention status. Generally, participants must have less than 6 months or 10 percent of their sentence remaining and not require the full range of services provided by Community Corrections Centers (CCCs). The program provides Federal prison inmates a transition back into the communities where they will live upon release from Federal custody. Because the Administrative Office of the United States Courts (AOUSC) has its own home confinement program, BOP entered into an agreement with AOUSC to monitor home confinees at locations where BOP CCCs were inaccessible.

Overall, we found the program to be operating satisfactorily. However, BOP can operate the program more efficiently and reduce program costs by about $1 million annually by: (1) implementing electronic monitoring for all home confinees, (2) collecting the required subsistence payments from BOP home confinees monitored by AOUSC, and (3) ensuring that bills from AOUSC for electronic monitoring services are reduced by subsistence collections from BOP home confinees. While the CCCs' staff generally completed the requirements for monitoring home confinees, some did not contact home confinees daily at random times or conduct weekly residence and employment visits.

SIGNIFICANT AUDIT PRODUCTS

DEA PROPERTY MANAGEMENT AND INVENTORY CONTROLS

At the time of our audit, the Drug Enforcement Administration (DEA) estimated that its property inventory consisted of about 111,000 items with an approximate value of $290 million. Our audit found that DEA's official property records were materially misstated. We determined that DEA did not have a comprehensive, reliable property management program. The agency had seven different, fragmented systems organized by property type and use, and each was operated and managed independently. We sampled 3,699 property items and found that 464 items were not recorded in one of the property systems; 473 items were recorded with an incorrect serial number, location, custodian, or DEA identifier; and 56 items valued at over $120,000, as well as 16 unissued badges, could not be located and produced for our physical inspection.

Other property management weaknesses were: (1) there was no property management officer with overall property management responsibility, (2) physical inventory practices were not adequate, (3) idle property with an acquisition value of over $217,000 was noted, and (4) the duties for controlling both the physical property and records for badges and credentials were not adequately separated. Additionally, DEA's accounting records for personal property were inaccurate and unreliable, resulting in a materially misstated fixed asset balance in the aggregate of at least $85 million. The fixed asset balance was erroneous due in part to capitalization errors, the omission of nonpurchased assets, and the failure to deduct disposed assets.

We recommended that DEA establish a comprehensive personal property management program and correct specific deficiencies that led to the misstated fixed asset balance.

USMS' COLLECTION OF SERVICE FEES AND COMMISSIONS

The United States Marshals Service (USMS) reported collecting approximately $10.2 million in fees for over 920,000 processes served during the period of fiscal year (FY) 1992 through FY 1994.

We tested USMS districts' consistency in calculating fees, billing for services, controlling collections, and reporting work load activity. We found considerable confusion. None of the districts calculated fees and commissions correctly in at least 38 percent of the test cases. Additionally, over 80 percent of the districts did not collect all fees due. As a result, USMS managers could not ensure that staff collected all potential revenues. We could not estimate whether the USMS was over- or under-collecting fees because 67 percent of districts did not track all information needed to perform this calculation. We also found that none of the districts adequately segregated cash handling duties to minimize misuse of Government funds.

During our field work, USMS issued revised guidance for the fee program clarifying many of the inconsistently implemented policies. USMS managers will instruct district office personnel on properly segregating critical cash handling duties.

SIGNIFICANT AUDIT PRODUCTS

IMMIGRATION INFORMATION OFFICERS' ACCESS TO CENTRAL INDEX SYSTEM

Immigration information officers (IIO) are responsible for verifying the status of applicants by checking data in the Immigration and Naturalization Service's (INS) Central Index System (CIS). During a recent audit we noted that several IIOs could change data in the CIS to create new CIS files or aliases, enter or alter naturalization status, and change the classification and physical description of applicants. While we found no indications of errors or irregularities, IIOs come into direct contact with applicants who could benefit if their INS records were modified, resulting in a risk of erroneous or unauthorized creation and alteration of alien records.

We informed INS of this security weakness and advised strengthening the control environment by either limiting the ability of IIOs to alter or create records, or electronically monitoring database transactions to detect potentially fraudulent activity.

EQUITABLE SHARING AUDITS

The Department shares the proceeds of forfeited assets with State and local law enforcement agencies that participate in Federal investigations resulting in forfeitures. Annual sharing of funds totals about $234 million nationally and is to be used for law enforcement purposes. Audits of fund use are performed at the request of Department management.

- An audit of a state police department identified funds totaling about $405,000 credited in error to a non-law enforcement fund and questioned costs of about $1.6 million as a result of incorrect use of asset forfeiture funds, unsupported transactions, and interest not credited to the asset forfeiture fund.
- An audit of a city police department found no records for the receipt of $10,435 from the USMS, and the local asset sharing fund was not credited for $110,000 of estimated interest earned on monies contained in the fund.
- An audit of another state police department found that local appropriations had been improperly used in place of local funds for about $76,000 in salary payments. In addition, property records were inaccurate.

USMS AGREEMENT WITH ST. ELIZABETH'S HOSPITAL

We reviewed payments made by the USMS to St. Elizabeth's Hospital in the District of Columbia for the care of patients in Federal custody. The hospital received $25,040 in overpayments made by the Medicare program for services reimbursed in full by USMS. Additionally, the USMS was billed for services to a patient long after medical treatment stopped. USMS planned to recover about $340,000 paid for this patient. Further, while gathering records for our review, USMS personnel discovered that they paid the May 1990 hospital billing twice, which resulted in an overpayment of $306,220. USMS management intended to recover this amount through the offset of future payments.

SIGNIFICANT AUDIT PRODUCTS

STATUS OF INS' FINANCIAL MANAGEMENT CORRECTIVE ACTION PLAN

DOJ's implementation of the Chief Financial Officers Act included annual audits of INS' Fee Accounts for FY 1991 through FY 1993 and an audit of the INS Breached Bond Detention Fund for FY 1993. Each audit resulted in a disclaimer of opinion due to the condition of INS' accounting records. Significant weaknesses in the internal control structure were identified in corresponding reports on internal control and compliance with laws and regulations. These weaknesses must be corrected before an opinion can be expressed on the financial statements.

In response to our auditors' reports, INS developed a corrective action plan designed to improve overall financial management and eliminate the weaknesses identified in the audit reports. We reviewed the corrective action plan and found that INS has begun to make progress toward its implementation.

CONTROLS OVER THE USE OF TRUST ACCOUNTS FOR CHAPTER 7 BANKRUPTCY-RELATED EARNEST MONIES

Panel trustees often have custody of funds that are not yet the official property of estates, such as when earnest monies are received related to the purchase of estate assets. Because panel trustees usually have other business interests such as law firms or accounting practices, care must be taken to prevent these bankruptcy-related funds from becoming commingled in the panel trustee's business or personal accounts. Funds commingled in such accounts are at risk of loss because they are subject to the claims of a panel trustee's creditors or may become otherwise encumbered by operation of law.

We recommended that the Executive Office for United States Trustees (EOUST) establish trust account maintenance requirements to safeguard bankruptcy-related earnest monies, require panel trustees who receive bankruptcy-related earnest monies to adhere to EOUST trust account requirements, and require such panel trustees to provide a full accounting of trust account activity for bankruptcy-related funds.

NATIONAL DRUG INTELLIGENCE CENTER

The National Drug Intelligence Center (NDIC) provides investigative agencies relevant information on major drug trafficking organizations. We found that NDIC undertook projects which were outside the scope of its mission, lacked necessary access to DEA and Federal Bureau of Investigation case file information, and had not obtained the full participation of DOJ components, agencies, and intelligence centers. During our review of NDIC management controls, we noted that personnel security clearances were out of date, classified documents were not always secure, and computer backup data were not properly stored off-site. Currently, we are conducting a financial audit of NDIC.

SIGNIFICANT AUDIT PRODUCTS

CONTRACT AND GRANT AUDITS

At the request of Department management, we audited expenditures made under several DOJ contracts and grants.

- An audit of a Bureau of Prisons' contractor found that the contractor overstated its $7.7 million claim by about $2.2 million. We provided this information to the contracting officer for use in negotiations for the settlement of the claim.
- An audit of two Office of Justice Programs (OJP) grants could not be completed because the grantee failed to produce the necessary records. As a result, we recommended that OJP take action necessary to remedy the costs questioned totaling $287,436.
- An audit of costs incurred in two OJP Office of Juvenile Justice and Delinquency Prevention (OJJDP) grants identified about $220,000 in questionable costs and concluded that financial and administrative controls were inadequate. We recommended that OJJDP remedy the costs questioned and ensure that the grantee takes corrective action to prevent a recurrence of the questionable practices.

CHIEF FINANCIAL OFFICERS ACT OF 1990/ GOVERNMENT MANAGEMENT REFORM ACT OF 1994

Financial statement audits are performed at the Department by independent public accountants, with oversight by the Audit Division. During this semiannual period, an audit of the FY 1995 annual financial statement of the Federal Prison Industries, Inc. was issued with an unqualified opinion on the principal financial statements.

INS AUTOMATION INITIATIVES

We continued to monitor INS' critical automation initiatives. The total cost for these initiatives is projected to be almost $1.7 billion and will affect nearly all aspects of INS management. We attend INS' quarterly meetings to monitor the effective use of their automation resources. Based on our monitoring, we notified the Justice Management Division of potential problems in the progress to date.

OFFICE OF COMMUNITY ORIENTED POLICING SERVICES

We continued to work with the Office of Community Oriented Policing Services (COPS) in its implementation of the Violent Crime Control and Law Enforcement Act of 1994. We performed four reviews of selected grant applicants under the COPS FAST and COPS MORE programs to determine if the information contained in the grant applications was accurate, complete, and supported by adequate documentation. We also reviewed whether community groups and appropriate public and private agencies were consulted in the formulation of applications and whether problems existed that might impede successful grant implementation in the communities.

SIGNIFICANT AUDIT PRODUCTS

TRUSTEE AUDITS

The Audit Division has contributed significantly to the integrity of the bankruptcy system by performing financial audits of trustees under a reimbursable agreement with the EOUST. During the reporting period, 85 trustee reports were issued.

For FY 1996, the U.S. Trustee Program plans to redirect 52 percent of the funds presently reimbursed to the OIG for audits to support other bankruptcy initiatives. This reduction in the reimbursable agreement could substantially eliminate oversight of an area that has been designated high risk and increase the possibility that trustee fraud will go undetected.

SUMMARY OF TRUSTEE AUDIT REPORTS AND FINDINGS ISSUED FOR FY 1995

The Audit Division conducted 427 audits of trustees administering bankruptcy cases under Title 11, United States Code, Chapters 7, 12, and 13 for FY 1995. Our audits were conducted at the request of EOUST as part of a continuing reimbursable agreement between EOUST and the OIG.

- We conducted 400 audits of panel trustees administering Chapter 7 bankruptcy cases. Our audits sampled over 5,000 cases containing over $502 million, from a universe of over 16,700 cases with funds over $649 million. We reported about 2,300 deficiencies for an average of almost 6 deficiencies per report.
- We conducted 26 audits of standing trustees administering Chapter 12 bankruptcy cases. We audited trustees administering about 1,400 cases with disbursements to creditors in excess of $19 million during the period reviewed. We reported a total of 90 deficiencies in the Chapter 12 audits, an average of over 3 per audit.
- We conducted one audit of a standing trustee administering Chapter 13 bankruptcy cases. The trustee administered about six cases as determined by the audit. The trustee did not prepare the U.S. Trustee-required annual reports.

SINGLE AUDIT ACT OF 1984

The Single Audit Act of 1984 and the Office of Management and Budget (OMB) Circulars A-128 and A-133 require recipients of Federal funds to arrange for audits of their activities. During this period, 79 reports were reviewed and transmitted by the Audit Division encompassing 342 Department contracts, grants, and other agreements totaling $148,886,785. These audits report on financial activities, compliance with applicable laws, and, in many cases, the adequacy of recipients' internal controls over Federal expenditures. Reports on organizations over which the Department is cognizant or which have a preponderance of Department funds are reviewed to ensure compliance with generally accepted Government auditing standards. In certain circumstances, the Audit Division performs audits of State and local governments, nonprofit organizations, and Department contracts and provides requested assistance to these entities.

SIGNIFICANT AUDIT PRODUCTS

AUDIT FOLLOW-UP ACTIVITIES

OMB Circular A-50, "Audit Follow-up," requires audit reports to be resolved within six months of the audit report issuance date. The status of open audit reports is continuously monitored to track the audit resolution and closure process. As of March 31, 1996, the OIG had closed 214 audit reports and was monitoring the resolution process of 99 open audit reports.

ACHIEVEMENTS RESULTING FROM PAST AUDITS

USMS REORGANIZATION PLAN'S EFFECT ON SEIZED ASSETS MANAGEMENT

In our last *Semiannual Report to Congress*, we summarized our special review requested by the Deputy Attorney General. In addition to potential benefits from the USMS' proposed reorganization, we reported that the reorganization could result in insufficient staff levels, loss of program expertise, and reduced oversight of the seized assets program. On March 22, 1996, the Chairman of the House Subcommittee on the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies notified the Department of the Committee's approval of the USMS reorganization plan but placed conditions on its implementation in regard to the seized assets program.

The Committee stipulated that:

- Oversight and management of the seized assets program should be placed within the USMS' proposed Business Services Division.
- No less than 418 positions, 404 FTEs, and $27.8 million should be devoted to the program as provided in the 1996 Conference Report levels.
- No resources currently dedicated to the program at USMS headquarters should be shifted to other divisions or the field until a review of the number, type, and location of positions needed to carry out the responsibilities of the USMS for managing seized assets is completed and provided to the Committee.

CONTROLS OVER ESTABLISHED USER FEE ACCOUNTS IN INS

In December 1992, we issued an audit report showing that the INS was not recovering all indirect costs from user fees. We identified $114.8 million in program costs that should be recovered through fees. According to the INS, this audit finding triggered several actions culminating in INS' decision to increase fees by 7.5 percent or an estimated $23.5 million. The revised fee schedule became effective in July 1994 and consequently was effective for the full 1995 fiscal year; it continues into FY 1996.

AUDIT STATISTICS

FUNDS RECOMMENDED TO BE PUT TO BETTER USE

Audit Reports	Number of Audit Reports	Funds Recommended to be Put to Better Use
No management decision made by beginning of period	0	$0
Issued during period	2	$3,236,399
Needing management decision during period	2	$3,236,399
Management decisions made during period: -- Amounts management agreed to put to better use	1	$1,000,000
No management decision at end of period	1	$2,236,399

AUDITS WITH QUESTIONED COSTS

Audit Reports	Number of Audit Reports	Total Questioned Costs (including unsupported costs)	Unsupported Costs
No management decision was made by beginning of period	7	$417,208	$65,163
Issued during period	17	$4,418,976	$1,322,020
Needing management decision during period	24	$4,836,184	$1,397,183
Management decisions made during period: -- Amounts management agreed to recover (disallowed)	13	$941,493	$125,833
No management decision at end of period	11	$3,894,691	$1,271,300

AUDIT STATISTICS

AUDITS INVOLVING RECOMMENDATIONS FOR MANAGEMENT IMPROVEMENTS

Audit Reports	Number of Audit Reports	Total Number of Management Improvements Recommended
No management decision made by beginning of period	34	109
Issued during period	43	172
Needing management decision during period	77	281
Management decisions made during period: -- Number management agreed to implement -- Number not agreed to implement	 51 0	 187 0
No management decision at end of period	26	94

APPENDIX 1

INSPECTIONS DIVISION REPORTS
October 1, 1995 - March 31, 1996

INTERNAL REPORTS

Influx of New Personnel in the Immigration and Naturalization Service

Department of Justice Drug-Free Workplace Program

Deportation of Aliens After Final Orders Have Been Issued, Immigration and Naturalization Service

Retention of Drug Evidence in Drug Enforcement Administration Laboratories

Self-Inspection Program in the Drug Enforcement Administration

Three Year Deputy Development Program in the United States Marshals Service

Restrictions on Lobbying Within the Department of Justice

AUDIT DIVISION REPORTS
October 1, 1995 - March 31, 1996

INTERNAL AND EXTERNAL REPORTS

The Home Confinement Program in the Bureau of Prisons 1/

Use of Equitable Sharing Cash and Property by the Kansas City, Police Department 2/

Drug Enforcement Administration Property Management and Inventory Controls 3/

Police Hiring Supplement, Saginaw, Michigan Police Department

Use of Equitable Sharing Revenues by the Baltimore City Police

National Coalition for Juvenile Justice 4/

Summary of Trustee Audit Reports and Findings for FY 1995

New Mexico Department of Public Safety 5/

Asset Forfeiture Program Management Letter Report for FY 1994

Status of the Immigration and Naturalization Service's Financial Management Corrective Action Plan as of September 30, 1995

United States Catholic Conference 6/

COPS Preaward Review of the Los Angeles, California Police Department

---

1/ Funds Put to Better Use - $1,000,000
Enhanced Revenues - $51,000

2/ Total Questioned Costs - $76,102

3/ Total Questioned Costs - $337,720

4/ Total Questioned Costs - $221,785
Unsupported Costs - $443

5/ Total Questioned Costs - $72,843

6/ Total Questioned Costs - $52,223
Unsupported Costs - $3,122

Selected Financial Activities of the Witness Security Division, United States Marshals Service, District of New Mexico 7/

COPS Preaward Review of the Germantown, Wisconsin Police Department

United States Marshals Service Agreement With St. Elizabeth's Hospital

Federal Prison Industries, Inc. Annual Financial Statement for FY 1995

Triangle Engineering Corporation 8/

COPS Preaward Review of the District of Columbia Metropolitan Police Department

United States Marshals Service Collection of Service Fees and Commissions

COPS Preaward Review of the City of Del Mar, California

Use of Equitable Sharing Revenues by the Maryland State Police 9/

The National Drug Intelligence Center

Phi Alpha Delta Public Service Center 10/

21st Century Technologies, Inc. 11/

Controls Over the Use of Trust Accounts for Chapter 7 Bankruptcy-related Earnest Monies

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7/ Total Questioned Costs - $57,598
Unsupported Costs - $57,598

8/ Funds Put to Better Use - $2,236,399

9/ Total Questioned Costs - $1,665,309
Unsupported Costs - $2,962

10/ Total Questioned Costs - $14,554
Unsupported Costs - $4,833

11/ Total Questioned Costs - $287,436
Unsupported Costs - $287,436

TRUSTEE REPORTS

Performed under a reimbursable agreement with the
Executive Office for U.S. Trustees

Chapter 7 Audit of Panel Trustee
Jerrold D. Farlnash

Chapter 7 Audit of Panel Trustee
Dean B. Farmer

Chapter 7 Audit of Panel Trustee
Herbert C. Broadfoot, II

Chapter 7 Audit of Panel Trustee
Neil C. Gordon

Chapter 7 Audit of Panel Trustee
Douglas R. Johnson

Chapter 7 Audit of Panel Trustee
John F. Fort

Chapter 7 Audit of Panel Trustee
N. David Roberts, Jr.

Chapter 7 Audit of Panel Trustee
James D. Lyon

Chapter 7 Audit of Panel Trustee
Lawrence K. Wyss

Chapter 7 Audit of Panel Trustee
Irving E. Gennet

Chapter 7 Audit of Panel Trustee
Cynthia J. Lowery

Chapter 7 Audit of Panel Trustee
Marcia Meoli

Chapter 7 Audit of Panel Trustee
Rice Burns, Jr.

Chapter 7 Audit of Panel Trustee
James Jessup

Chapter 7 Audit of Panel Trustee
Julia A. Christians

Chapter 7 Audit of Panel Trustee
Glen R. Barmann

Chapter 7 Audit of Panel Trustee
Arthur Clay Cox

Chapter 7 Audit of Panel Trustee
Rose Bareham

Chapter 7 Audit of Panel Trustee
John Lewis, Jr.

Chapter 7 Audit of Panel Trustee
Donald Johnson

Chapter 7 Audit of Panel Trustee
Charles J. Myler

Chapter 7 Audit of Panel Trustee
Michael F. Dubis

Chapter 7 Audit of Panel Trustee
Ella Rebecca Case

Chapter 7 Audit of Panel Trustee
David R. Dubois

Chapter 7 Audit of Panel Trustee
Elizabeth Chalmers

Chapter 7 Audit of Panel Trustee
Lawrence M. Phillips

Chapter 7 Audit of Panel Trustee
Eric C. Rajala

Chapter 7 Audit of Panel Trustee
Homer McClarty

Chapter 7 Audit of Panel Trustee
Thomas James Geygan

Chapter 7 Audit of Panel Trustee
Dan Donahue

Chapter 7 Audit of Panel Trustee
Deborah K. Ebner

Chapter 7 Audit of Panel Trustee
James R. Geekie

Chapter 7 Audit of Panel Trustee
Thomas J. O'Neal

Chapter 7 Audit of Panel Trustee
Twalla J. Dupriest

Chapter 7 Audit of Panel Trustee
Dwayne M. Murray

Chapter 7 Audit of Panel Trustee
William R. Wright

Chapter 7 Audit of Panel Trustee
Gary A. Barney

Chapter 7 Audit of Panel Trustee
Stephen J. Zayler

Chapter 7 Audit of Panel Trustee
Kip M. Kaler

Chapter 7 Audit of Panel Trustee
Lisa Nichols

Chapter 7 Audit of Panel Trustee
Susan J. Manchester

Chapter 7 Audit of Panel Trustee
Yvette J. Gonzales

Chapter 7 Audit of Panel Trustee
Kenneth A. Rushton

Chapter 7 Audit of Panel Trustee
Lynda L. Lankford

Chapter 7 Audit of Panel Trustee
Thomas D. Powers

Chapter 7 Audit of Panel Trustee
John W. Luster

Chapter 7 Audit of Panel Trustee
David S. Cohen

Chapter 7 Audit of Panel Trustee
William M. Kebe, Jr.

Chapter 7 Audit of Panel Trustee
Clifford E. Eley

Chapter 7 Audit of Panel Trustee
Ted Brett Brunson

Chapter 7 Audit of Panel Trustee
Richard L. Cox

Chapter 7 Audit of Panel Trustee
Aaron Caillouet

Chapter 7 Audit of Panel Trustee
Jeffrey H. Mims

Chapter 7 Audit of Panel Trustee
Michael Mitchelson

Chapter 13 Audit of Standing Trustee
Phillip D. Armstrong

Chapter 7 Audit of Panel Trustee
William L. Conway

Chapter 7 Audit of Panel Trustee
Scott Kilpatrick

Chapter 7 Audit of Panel Trustee
Robert Uriarte

Chapter 7 Audit of Panel Trustee
David R. Haberbush

Chapter 7 Audit of Panel Trustee
William H. Broach

Chapter 7 Audit of Panel Trustee
Raymond Arthur Carey

Chapter 7 Audit of Panel Trustee
Michael D. Hitt

Chapter 7 Audit of Panel Trustee
Thomas Casey

Chapter 7 Audit of Panel Trustee
Michael Kogan

Chapter 7 Audit of Panel Trustee
Boyd Yaden

Chapter 7 Audit of Panel Trustee
Larry Taylor

Chapter 7 Audit of Panel Trustee
David Seror

Chapter 7 Audit of Panel Trustee
Alan R. Solot

Chapter 7 Audit of Panel Trustee
Dale Ulrich

Chapter 7 Audit of Panel Trustee
Donald W. Henry

Chapter 7 Audit of Panel Trustee
Richard J. Spear

Chapter 7 Audit of Panel Trustee
H. Lynden Graham, Jr.

Chapter 7 Audit of Panel Trustee
Bryan S. Ross

Chapter 7 Audit of Panel Trustee
Michael B. Katz

Chapter 7 Audit of Panel Trustee
Stephen Rodolakis

Chapter 7 Audit of Panel Trustee
Evelyn K. Krippendorf

Chapter 7 Audit of Panel Trustee
Robert O. Tyler

Chapter 7 Audit of Panel Trustee
Stephen S. Gray

Chapter 7 Audit of Panel Trustee
Cheryl Rose

Chapter 7 Audit of Panel Trustee
Robert S. Holber

Chapter 7 Audit of Panel Trustee
Steven B. Neuner

Chapter 7 Audit of Panel Trustee
Thomas J. Subranni

Chapter 7 Audit of Panel Trustee
James J. Cain

Chapter 7 Audit of Panel Trustee
William Schwab

Chapter 7 Audit of Panel Trustee
Robert Sheils, Jr.

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REPORTS OF DEPARTMENT OF JUSTICE ACTIVITIES COMPLETED BY OTHERS

Audit of the Boys and Girls Clubs of America

Audit of the Friends of the Lubavitch

Audit of The United Protestant Appeal, Inc.

Audit of the Lowcountry Children's Center, Inc.

Audit of the Catholic Community Services, Inc.

Audit of the Puerto Rico Department of Justice

Audit of the Baldwin County, Alabama Commission

Audit of the City of Lenoir, North Carolina

Audit of the Youth Service U.S.A., Inc. and Affiliate

Audit of the Mississippi State University

Audit of the Mississippi Band of Choctaw Indians

Audit of Metro Dade County, Florida

Audit of the City of Fort Myers, Florida

Audit of the City of Hollywood, Florida

Audit of the City of Gadsden, Alabama

Audit of Broward County, Florida

Audit of the City of Rock Hill, South Carolina

Audit of the Commonwealth of Kentucky

Audit of the State of Mississippi

Audit of Daytona Beach, Florida

Audit of Greenville, North Carolina

Audit of Alzheimer's Disease and Related Disorders Association

Audit of the International Association of Residential Community Alternatives

Audit of the Indiana Department of Corrections

Audit of the Indiana Department of Corrections

Audit of the Kansas City, Missouri Police Department

Audit of the State of Missouri

Audit of Montgomery County, Ohio

Audit of the Catholic Charities of the Diocese of Galveston-Houston

Audit of the Catholic Charities of the Diocese of Dallas

Audit of the Catholic Charities of the Diocese of Galveston-Houston 1/

Audit of the Catholic Charities of the Diocese of Galveston-Houston 2/

Audit of the Center for Policy Research

1/ Total Questioned Costs - $267

2/ Total Questioned Costs - $174

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Audit of the District Attorney, Orleans Judicial District, Orleans Parish, Louisiana

Audit of the City of Havre, Montana

Audit of the State of New Mexico Corrections Department

Audit of Douglas County, Colorado

Audit of Tulane University

Audit of the Southern Ute Community Action Programs, Inc.

Audit of Baylor College of Medicine, Texas

Audit of the State of Louisiana 1/

Audit of the State of Texas 2/

Audit of the City of Aurora, Colorado

Audit of the City of Aurora, Colorado

Audit of the State of South Dakota

Audit of Boulder County, Colorado

Audit of El Paso County, Colorado

Audit of Cherokee Nation, Oklahoma

Audit of the City of Austin, Texas

Audit of the City of San Benito, Texas 3/

1/ Total Questioned Costs - $582,072
Unsupported Costs - $582,072

2/ Total Questioned Costs - $393,554
Unsupported Costs - $393,554

3/ Total Questioned Costs - $3,918

Audit of the City of Dallas, Texas

Audit of the State of Oklahoma

Audit of the State of Colorado

Audit of Harris County, Texas 4/

Audit of the City and County of Denver, Colorado

Audit of Find the Children

Audit of the National Council on Crime and Delinquency

Audit of the Search Group, Inc.

Audit of the Judiciary, State of Hawaii

Audit of the City of San Diego, California

Audit of the County of Alameda, California

Audit of the City of Compton, California

Audit of the State of Hawaii Department of Land and Natural Resources

Audit of the State of Hawaii Department of Human Services

Audit of the University of California

Audit of the City of Fillmore, California

Audit of the Republic of Palau

Audit of the County of Los Angeles, California

Audit of the State of Arizona 5/

4/ Total Questioned Costs - $651,500

5/ Total Questioned Costs - $1,546

Audit of the City of Los Angeles, California

Audit of the Government of Guam

Audit of the Government of Guam

Audit of the Phi Alpha Delta Public Service Center

Audit of the Cities in Schools, Inc.

Audit of the Police Foundation 1/

Audit of the National Sheriff's Association

Audit of the American Board of Criminalistics

Audit of the Coalition for Juvenile Justice

Audit of the Coalition for Juvenile Justice

1/ Total Questioned Costs - $375

Glossary of Terms

The following are definitions of specific terms as they are used in the report.

Administratively Uncontrollable Overtime: A form of premium pay for Federal employees occupying positions that require sustantial amounts of irregular, unscheduled overtime work. AUO is paid as a percentage of the employees' rate of basic pay — not less than 10 percent or more than 25 percent.

Border Crosser Card: An INS identification card (Form I-586) issued to Mexican nationals residing along the border in Mexico that permits entry into the U.S. for shopping or visits of short duration.

Disallowed Cost: A questioned cost that management has sustained or agreed should not be charged to the Government.

Earnest Monies: Monies paid in advance as part payment to bind a contract or bargain.

Employment Authorization Document: An INS document (Form I-688B) issued to aliens who have been granted permission to be employed in the U.S., but are not permanent residents or citizens.

Final Action: (a) The completion of all actions that the management of an establishment has concluded are necessary with respect to the findings and recommendations included in an audit; and (b) in the event that the management of an establishment concludes no action is necessary, final action occurs when a management decision has been made.

Green Card: INS Alien Registration Receipt Card (Form I-151 or Form I-551).

Home Confinement: The use of community supervision with electronic or other types of monitoring as an alternative to incarceration.

Information: Formal accusation of a crime made by a prosecuting attorney as distinguished from an indictment handed down by a grand jury.

Inspection Advisory Notice: Method of bringing exigent issues to management's attention while inspections work is still ongoing or to share information on a subject matter outside the defined scope of a review.

Management Issues: Allegations, generally of an administrative nature, that are sent to managers in the Department, or of other Departments, for their information and such action as they deem appropriate.

Materially Misstated: Facts or statements that may be misstated, distorted, augmented, omitted, or arranged in such a manner as to obscure and conceal material aspects of an item.

Middleman: An individual who serves as a dealer between the producer of documents, drugs, etc., and the purchaser.

(Glossary Continued)

OIG Referrals: Matters referred to components within the Department of Justice for investigation or other action when criminal prosecution of the alleged misconduct is not foreseeable, and when the matter raises administrative issues involving lower-ranking employees. When a matter is referred, the component is to provide the OIG with the results of the referral, which may include investigative findings and administrative action taken by the component.

Questioned Cost: Cost that is questioned by the OIG because of (a) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (b) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or (c) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

Recommendation that Funds be Put to Better Use: Recommendation by the OIG that funds could be used more efficiently if management of an establishment took actions to implement and complete the recommendation, including (a) reductions in outlays; (b) deobligation of funds from programs or operations; (c) withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds; (d) costs incurred by implementing recommended improvements related to the operations of the establishment, a contractor, or grantee; (e) avoidance of unnecessary expenditures noted in pre-award reviews of contract or grant agreements; or (f) any other savings that are specifically identified.

Record of Arrival and Departure: An INS document (Form I-94) that is provided to each nonimmigrant visitor to the United States.

Recovered Funds: Government funds returned to the Department or the U.S. Treasury as the result of an investigation.

Restitution Funds: Payments to victims of crimes or civil wrongs ordered by courts as part of a criminal sentence or civil or administrative penalty.

Seizures: Property, including cash, real estate, vehicles, etc., used or acquired through illegal activities, that is confiscated by law enforcement officials. A decision is made by a court or civil authority regarding the disposition of the seized property.

Unqualified Opinion: An auditor's judgment that there are no reservations as to the fairness of presentation of an organization's financial statements and their conformity with generally accepted accounting principles.

Unsupported Cost: Cost that is questioned by the OIG because the OIG found that, at the time of the audit, such cost is not supported by adequate documentation.

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REPORTING REQUIREMENT INDEX

The Inspector General Act of 1978, as amended, specifies reporting requirements for semiannual reports. The requirements are listed below and indexed to the applicable pages.

IG Act References	Reporting Requirement	Page
Section 4(a)(2)	Review of Legislation and Regulations	7
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	9 to 35
Section 5(a)(2)	Significant Recommendations for Corrective Action	21 to 35
Section 5(a)(3)	Prior Significant Recommendations Unimplemented	None
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	9 to 19
Section 5(a)(5)	Informations Refused	None
Section 5(a)(6)	Listing of Audit Reports	A-2 to A-9
Section 5(a)(7)	Summary of Significant Reports	9 to 35
Section 5(a)(8)	Audit Reports--Questioned Costs	34
Section 5(a)(9)	Audit Reports--Funds To Be Put To Better Use	34
Section 5(a)(10)	Prior Audit Reports Unresolved	None
Section 5(a)(11)	Significant Revised Management Decisions	None
Section 5(a)(12)	Significant Management Decisions with Which OIG Disagreed	None

H7



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OFFICE OF THE INSPECTOR GENERAL



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END



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